

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Proposed Policies and Programs
Governing Low-Income Assistance Programs.

Rulemaking 01-08-027

**ASSIGNED COMMISSIONER'S RULING REGARDING POST-2001
PROGRAM PLANNING FOR LOW-INCOME ASSISTANCE PROGRAMS**

By Decision (D.) 01-05-033, the Commission adopted a rapid deployment strategy for the utilities' California Alternative Rates For Energy (CARE) and Low-Income Energy Efficiency (LIEE) programs.¹ The Commission adopted funding levels for LIEE activities that reflected amounts collected via the Public Goods Charge (PGC), available from prior year unexpended budgets and appropriated by Senate Bill (SB) X1 5. Funding for CARE administrative costs and rate subsidies were also augmented by the one-time SBX1 5 appropriations. The Commission stated that these programs should continue "until further

¹ In today's ruling, the term "the utilities" refers to: Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCal). As explained in Judge Gottstein's January 7, 2002 ruling, low-income assistance programs for the small and multi-jurisdictional utilities will be monitored and addressed separately. (Ruling, p. 1, footnote 1.)

Commission order,” and articulated its expectation that these efforts would need to continue “through the end of 2001 and perhaps well into 2002.”²

The purpose of this ruling is to set forth the procedural landscape for addressing priority issues related to low-income assistance programs in the coming months. On February 8, 2002, assigned Administrative Law Judge (ALJ) Gottstein and I held a further prehearing conference (PHC) to address the post-2001 program planning process for LIEE and CARE. The threshold question we posed to the utilities and interested parties was: At what point in time do we need to start a new planning process for LIEE program design and funding levels?

The Parties to this proceeding are unanimous in their support of continuing rapid deployment efforts through program year (PY) 2002. The Office of Ratepayer Advocates raised the issue of whether the utilities will have sufficient LIEE funding to cover rapid deployment costs during PY 2002, and the utilities responded in the affirmative. A summary of their estimates of available LIEE program funding is presented below (in millions of dollars):

	PY 2002 LIEE PGC “Base” Funds Currently in Rates	One-Time Carryover and SBX 15 Funds	Total Available For LIEE in PY 2002
PG&E	\$29.1	\$32.5	\$61.6
SDG&E	\$ 5.3	\$16.4	\$21.7
SCE	\$ 7.2	\$ 9.0	\$16.2
SoCal	\$18.9	\$17.5	\$36.4

² D.01-05-033, p. 67; Ordering Paragraph 19.

SCE also reports that it has sufficient SBX1 5 funds remaining from the one-time allocation of \$4.5 million (per D.01-05-033) to continue with CARE rapid deployment outreach without modification through the end of 2002.³ The other utilities did not report on CARE administrative funding during the PHC or in their PHC statements. By this ruling, I direct the utilities to submit information on CARE program expenditures and funding within 15 days from the date of this ruling, including the following: (1) estimates of CARE administrative costs for PY 2002, and a description of the basis for those estimates; (2) estimates of CARE rate subsidy costs for PY 2002, and a description of the basis for those estimates; (3) CARE administrative cost expenditures in PY 2001 and January, 2002 (if available); (4) CARE rate subsidy costs in PY 2001 and January 2002 (if available); (5) SBX1 5 funds remaining to cover the costs estimated for PY 2002; (6) Funding available through current rates to cover the costs estimated for PY 2002, and (7) anticipated shortfalls in funding authorizations for PY 2002 (separate estimates for rate subsidies and administrative costs). The utilities should confer with Energy Division to ensure that the information requested is provided in a consistent format across utilities.

As we discussed at the PHC, I will initiate a PY 2003 program planning process well in advance of the end of the year, so that the utilities know what funding levels are available beyond 2002 for LIEE and CARE and the Commission can address the associated ratemaking issues, as appropriate. Accordingly, the utilities shall file their PY 2003 program applications by

³ SCE PHC Comments, p. 3.

July 1, 2002. I note that where we go with CARE program design for the rest of 2002 and into 2003 may depend upon the funding and expenditure information submitted in response to this ruling and the Commission's direction on implementing automatic enrollment. Until I receive further clarification on both issues, the Commission's directives in D.01-05-033 still stand. However, the scoping of CARE-related issues may need to be revisited in the near future.

Between now and the filing of PY 2003 applications, there are several high priority issues that the utilities, interested parties, the Low Income Oversight Board (LIOB) and the Commission will need to address.⁴ The Commission is considering CARE automatic enrollment procedures at this time, as well as CARE penetration goals. At the PHC, ALJ Gottstein directed the utilities to supplement their December 19, 2001 filings on CARE penetration goals to comment on how, over time, they can develop goals that reflect changes in demographics and measure the effectiveness in reaching certain subsets of the low-income population, by ethnic, geographic or age breakdown.⁵ We will ensure that the LIOB has an opportunity to comment on the draft decisions regarding these issues.

We will also be moving forward on our Needs Assessment Study during the March/April timeframe with the completion of the Phase 1 report. When the LIOB is established, I will issue an ACR soliciting comment from the Board and

⁴ Per SBX1 2, the LIOB will advise the Commission on low-income electric and gas customer issues and to serve as a liaison for the Commission to low-income ratepayers and representatives. The LIOB replaces the Commission's Low Income Advisory Board. See my ruling, dated November 20, 2001.

⁵ Those supplements were filed on February 19, 2002.

interested parties on that report, so that we can initiate Phase 2 as expeditiously as possible.

Finalizing the methodology for LIEE cost-effectiveness, and evaluating all LIEE measures based on that methodology, is a very high priority for 2002. The report on methodology, per D. 01-12-020, is due on April 10, 2002. Comments are due by May 10, 2002, and replies are due May 30, 2002. My goal is to have a draft decision issued by mid-June for Commission consideration at the July 17, 2002 conference. Following adoption of the final methodology, the Standardization Team will be directed to assess all current (including pilot) program measures, using the approved cost-effectiveness testing procedures.⁶ As discussed at the PHC, the utilities' July 1 applications for PY 2003 will need to acknowledge that some mid-course adjustments to program measures may be needed during 2003 to reflect the Standardization Team's assessment.⁷

Based on the information contained in the utilities' rapid deployment status reports and concerns expressed by several parties at the PHC, I believe that we need more information at this time on the utilities' procedures and policies for CARE recertification and post-enrollment verification. To this end, the utilities will submit a joint report in conjunction with their May status reports on rapid deployment. This report will present a side-by-side comparison of each utility's procedures for recertification and post-enrollment verification, including how each utility selects its sample for post-enrollment random verification, the sample size, what material is sent out to the customer, what documentation is

⁶ D.01-12-020, Ordering Paragraph 9.

⁷ RT, pp. 38-39.

required back from the customer, how many letters are sent before removing a customer from the CARE program, etc. In addition to filing and serving the report in this proceeding, the utilities should also submit the report directly to the LIOB. I expect that this information will trigger a very useful dialogue on how to address some of the problems we have experienced by seeing such a large drop off in CARE participation during verification and recertification.

We also need additional information on the methods used to measure bill savings for the LIEE program, as discussed at the PHC. On May 1, the utilities will be filing standardized data on these savings, as part of their Annual Report on LIEE activities. At the PHC, we directed the utilities to include information in that report on how the savings in each house was determined, so that we can readily compare methodologies across utilities.⁸ I will not establish a comment period on the report at this time. However, based on the information provided in the filing, I may refer this issue to the Standardization Team to develop recommendations for further standardization, as time and resources permit.

Finally, sometime before the end of 2002, we need to establish a process for evaluating the results of rapid deployment so that the lessons learned and best practices can be incorporated into program planning. I believe that the LIOB can provide valuable input in establishing priorities for this effort. I plan to hold a further PHC in July, 2002 to address the schedule and scope for this evaluation, as well as the schedule for addressing the utilities' PY 2003 program applications. We will also revisit the issue of how frequently the utilities should file their rapid

⁸ RT, pp. 8-9, 12-14.

deployment status reports. For now, as discussed at the PHC, those reports should continue to be submitted on a monthly basis.

IT IS RULED that:

1. The utilities shall file information on California Alternative Rates For Energy (CARE) program expenditures and funding for 2002 within 15 days from the date of this ruling and confer with Energy Division to ensure that the information requested is provided in a consistent format across utilities.

2. The utilities shall file with their May status reports on rapid deployment a side-by-side comparison of CARE recertification and post-enrollment verification procedures. This information should also be submitted directly to the Low Income Oversight Board.

3. Comments on the joint report on Low-Income Energy Efficiency (LIEE) cost-effectiveness methodology, to be filed on April 10, 2002, are due by May 10, 2002. Reply comments are due May 30, 2002.

4. The utilities shall include in their Annual Report on LIEE activities, due May 1, 2002, comparative information on how the savings for each home was determined.

5. The utilities shall file their PY 2003 program applications for LIEE and CARE by July 1, 2001. Comments are due 30 days thereafter. The utilities may reply to comments within 15 days.

6. All filings and comments shall be filed at the Commission's Docket Office and served electronically on all appearances and the state service list in this proceeding. Service by U.S. mail is optional, except that one hard copy shall be mailed to Administrative Law Judge Meg Gottstein at P.O. Box 210, Volcano, CA 95689. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an

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inability to open the document, the sender shall immediately arrange for alternate service (regular

U.S. mail shall be the default, unless another means—such as overnight delivery—is mutually agreed upon). Parties that prefer a hard copy or electronic file in original format in order to prepare analysis and filings in this proceeding may request service in that form as well. The current service list for this proceeding is available on the Commission’s web page, www.cpuc.ca.gov.

Dated February 27, 2002, at San Francisco, California.

/s/ CARL WOOD

Carl Wood
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling Regarding Post-2001 Program Planning for Low-Income Assistance Programs on all parties of record in this proceeding or their attorneys of record.

Dated February 27, 2002, at San Francisco, California.

/s/ JACQUELINE GORZUCH
Jacqueline Gorzoch

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.
